



Weekly Car Dealers Newsletter

June 23, 2008

This information that follows is taken from sources including *The Carconnection*, *Autoweek*, and other industry sources. For more information please call our Edmonton office.

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**WEAK DOLLAR TO KILL THE RABBIT?
[GM SMALL CAR SALES SWELL](#)
[GM DELAYS TRUCK OVERHAUL](#)
FORD TO CUT OUTPUT, DELAY PICKUP
CUSTOMER ON TEST DRIVE STOPS TO ROB A BANK**

WEAK DOLLAR TO KILL THE RABBIT?



Volkswagen could stop selling the Golf in America because of the weak dollar. The German company wants to improve its profitability margins in its pursuit of market leader Toyota and the Rabbit isn't selling as well as the company would like.

The Tiguan and Touareg SUVs are more popular, and the U.S. market has proved disastrous for VW recently with the North American wing of the company posting billion-dollar losses.

Volkswagen is likely to build a new factory in America in 2011 and it's possible that production of an American version of the next-generation Rabbit/Golf could start there. Until that point, it's likely that sales will be halted in the U.S. - *Autocar staff*

[GM SMALL CAR SALES SWELL](#)

General Motors Corp., in the midst of another major downsizing, can't move quickly enough to keep up with demand in one area of the U.S. auto market that's actually growing. The automaker said Monday it will add an extra shift a month earlier than initially planned at a Lordstown, Ohio, factory that builds the Chevrolet Cobalt and Pontiac G5 compact cars. A third

shift of about 1,000 workers will start Aug. 4 rather than Sept. 1. Demand for small cars is surging as consumers react to the reality of \$4-per-gasoline and a sagging U.S. economy. "Sales were through the roof -- we're having a problem keeping in stock like everyone else," said Barry Gonis, general manager of Spitzer Autoworld in North Jackson, Ohio, just miles from the Lordstown factory. "People are coming in and they're looking for these Cobalts that are inexpensive and have great gas mileage." GM has an anemic 27 days' supply of Cobalts on dealer lots, compared with the industry norm of 70 days supply, according to trade publication *Automotive News*. The supply is barely half what it was a month earlier. *Source: The Detroit News*

GM DELAYS TRUCK OVERHAUL (*Decision will free up funds, time for automaker to meet new fuel rules*)

General Motors Corp. has indefinitely put off plans to re-engineer a next generation of full-size pickups and SUVs amid plummeting sales of large trucks, the automaker said Wednesday. Instead of overhauling big trucks like the Chevrolet Silverado pickup and GMC Yukon SUV in a few years, GM will save money and resources by improving on the current models launched in 2007. Delaying a remodel of the trucks also gives GM time to factor in the effects of new federal fuel economy mandates. The next generation of full-size trucks was scheduled to go into production in 2013, according to GM's labor contract with the United Auto Workers. "We're going to focus on improving the current trucks until we see where the market goes," GM spokesman Tom Wilkinson said. - *Source: The Detroit News*

TOYOTA TRUCK SALES TO FALTER IN U.S.

Toyota Motor Corp. is likely to struggle to make money at its two truck plants in the U.S. this year, a consulting firm said, underscoring the toll slumping sales of trucks and sport-utility vehicles are taking on auto makers of all stripes. The company is still likely to generate substantial profits in North America, thanks to booming sales of cars such as the Camry sedan and the Prius hybrid. But until recently Toyota had hoped an expansion into trucks would boost its bottom line in the U.S. Wednesday, Toyota said it is slowing production at two of its truck plants in North America, in San Antonio, Texas, and Princeton, Ind., in a second such move to adjust the pace of work. In addition to slowing the assembly-line speed, San Antonio's truck line, which makes the Tundra pickup, will be shut down for 14 days between now and the end of October. - *Source: The Wall Street Journal*

FORD TO CUT OUTPUT, DELAY PICKUP

Ford Motor Co. will delay introduction of its new F-150 pickup truck by two months and further cut production because of the declining market for pickups and sport utility vehicles, the automaker announced Friday. Ford also said its 2008 automotive financial results this year will be worse than in 2007, when the company posted an overall net loss of \$2.7-billion (U.S.). Its shares fell almost 5 per cent in morning trading. The company said it expects industry-wide

U.S. sales this year to drop to a range of 14.7 million and 15.2 million units. Ford previously had predicted 15 million to 15.4 million units. Because of that, Ford also said Friday it will cut third-quarter production by another 50,000 vehicles. It now plans to produce 475,000 vehicles, 25 per cent fewer than the third quarter of last year. The company also says fourth-quarter production will drop 8 to 14 per cent compared with the same quarter last year. Most of the production cuts will come from extending the normal two-week summer shutdown at pickup and SUV plants, as well as shift and assembly line speed reductions, the company said in a statement.

Ford said it will now introduce the new F-150 model in late fall instead of its earlier target of late summer. The F-150's have traditionally been its biggest sellers and most profitable vehicles.

The Dearborn-based automaker also said it will increase production of its Focus small car, as well as the Mercury Mariner and Ford Escape small SUVs. It also will bring production of the next generation European Focus and Fiesta small cars to North America starting in 2010 "as Ford confirms it is revising its product plan to add more small cars, crossovers and fuel-efficient powertrains, including many from Ford's acclaimed European lineup." Ford expects to detail changes to its restructuring plan when it announces earnings in July. But until then, the company said it would make the following production changes:

- Production of the 2009 F-150 now will begin in August at the Kansas City Assembly Plant and in September at Dearborn Truck. Both factories will lose a shift of workers, with Kansas City going from two to one and Dearborn going from three to two.
- The Dearborn Truck plant, which makes the F-150, will be idled most of the third quarter.
- The Michigan Truck Plant in Wayne, which makes the Lincoln Navigator and Ford Expedition large SUVs, will be idled for nine weeks beginning June 23.
- Ford will cut one shift at its Louisville Assembly Plant, which makes midsize SUVs, in the third quarter.
- The assembly line speed will be reduced at the Kentucky Truck Plant in Louisville in the third quarter. The plant makes large pickups. Chicago Assembly, which makes the Ford Taurus and other full-size sedans, also will see a third-quarter line speed reduction.
- Production at the Cuautitlan Assembly Plant in Mexico will stop by the end of 2008 so it can be retooled from large pickups to make the new Fiesta small car in early 2010.
- The Oakville, Ontario, plant near Toronto is getting a third shift in the third quarter to increase production of the Ford Edge, Lincoln MKX and Ford Flex crossovers, which the auto maker has already announced.
- The Kansas City plant's assembly line that makes small SUVs also will get a third shift in the third quarter.
- Ford's Wayne Assembly Plant, which makes the Focus, will see a third shift in its body and paint shops, and its line speed will be increased in the third quarter.
- In addition, production at stamping, engine and transmission plants will be adjusted to handle the assembly plant changes, Ford said.

"We view the move to smaller, more fuel-efficient vehicles as permanent, and we are responding to customer demand," Ford CEO Alan Mulally said in the statement. "For the long term, we are moving fast to introduce more small cars, crossovers and fuel-efficient powertrains — including more hybrids — and we will adjust our manufacturing facilities to match our updated product lineup." — *Source Globe and Mail Update*

CUSTOMER ON TEST DRIVE STOPS TO ROB A BANK (*He told the salesman he wanted to withdraw the money to pay for the used truck*)

As he waited outside the bank, the salesman could not be faulted for figuring his commission on the sale he thought was about to be finalized. After holding up the bank, the two drove off as if nothing was amiss, all according to an article in the *Edmonton Journal*.

On Tuesday morning in Edmonton, Marcel Perrot walked into the dealership interested in a used pickup truck on the dealership's lot. Following what many consider to be the safe procedure to avoid the theft of the vehicle, the salesman accompanied the prospect on the test drive.

Perrot stopped at a nearby bank explaining that he needed to withdraw cash to pay for the vehicle. One problem- he did not have an account at this bank. While the salesman waited in the truck, Perrot passed a note to a teller demanding cash. The two then left the bank, Perrot explaining to the salesman that he wanted to show the truck to a friend and get his opinion before completing the purchase.

At some point the salesman became suspicious and when they stopped at a gas station and Perrot got out of the truck, the salesman pulled the keys from the ignition and called 911.

Apparently realizing that his ruse was breaking down, Perrot then fled the scene. The Edmonton police report that he is still at large.
